

# *The Great Depression*

Entrance task:  Think: Could a Great Depression happen again in the United States?

Today: Danger signs leading to the Great Depression

Homework: Ch. 21



Apr 3-9:52 AM



Apr 3-9:52 AM

Americans should "regard the present with satisfaction and the future with optimism." - 1928

Pres. Calvin Coolidge 1923-1929

Pres. Herbert Hoover 1929-1933

We in America today are witnessing the final triumph over anything that ever befell the history of any land. The poor house is banished from among us. We have not yet reached the goal, but given a chance to go forward with the policies of the last eight years, we shall soon, with the help of God, be in a position where poverty will be banished from our nation. - August 1928

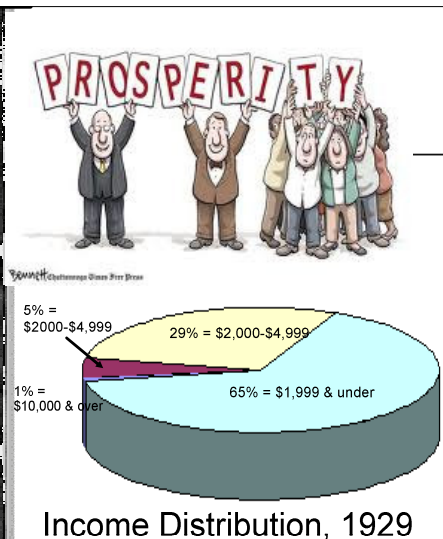
Why did the economy appear healthy in the Republican Decade of the 1920s?

Apr 3-9:52 AM

"Wonderful Prosperity"

- 1925 stock market = \$27 billion, by October 1929 = \$87 billion
- Workers wages had risen 40% since 1914
- Unemployment averaged below 4%
- Corporate leader John J. Raskob: "Everybody Ought to be Rich"
- (Saving \$15 per week for 20 years = \$400 retirement income from investments)

Apr 3-9:52 AM



Apr 3-9:52 AM

**Economic Danger Sign #2**  
 Buying on Credit

**The Island Furniture Store**  
 Will Furnish Your Home Complete on Easy WEEKLY or MONTHLY PAYMENTS.  
 H. SMULEKOFF, Proprietor

**DIAMONDS. WATCHES. ABE FRY.**  
 Watches for Railroad Men and Others.  
 LARGEST STOCK OF GOLD AND SILVER Watches to Atlanta, Elgin, Waltham, Springfield and Hampton movements in every weight case, which I will sell.  
 ON INSTALLMENTS.  
 ABE FRY, 1 Peachtree street.  
 Call and convince yourself

**ARMSTRONG Perc-o-toaster**  
 Your Complete Breakfast prepared on one Appliance!

**GENERAL MOTORS "Open Bank" Installment PLAN**  
 Makes Good Sense To Me...  
 "figures the Car Financing Yourself"

Apr 3-9:52 AM



### Economic Danger Sign #3

#### Stock Market: Buying on Margin

- \* small investors entered the market, often with their life savings
- \* brokers encouraged "buying on margin," paying a fraction of the stock price and borrowing the rest
- \* brokers could call in loans at any time
- \* worked if stocks went up



The composite image includes a historical photograph of a crowd, a cartoon character with question marks above his head, and a small inset of a 'FAME & FORTUNE WEEKLY' magazine cover from May 23, 1919, titled 'STORIES OF BOYS THAT MAKE MONEY. BUYING ON MARGIN! OR THE BOY WHO WON THE MONEY A WALL STREET STORY BY A STOCK-MAKER'S SON'.


Apr 3-9:52 AM

### Economic Danger Sign #4

#### Too many goods, too little demand

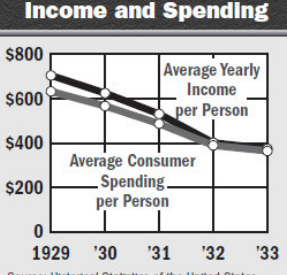
- \* People couldn't afford to buy goods as fast as the assembly lines could produce them

#### Unemployment



Year	People (in millions)
1928	1.5
'29	2.5
'30	4.5
'31	7.5
'32	12.5
'33	13.5

#### Income and Spending



Year	Average Yearly Income per Person	Average Consumer Spending per Person
1929	\$700	\$600
'30	\$650	\$550
'31	\$600	\$500
'32	\$550	\$450
'33	\$500	\$400

Source: Historical Statistics of the United States

Apr 3-9:52 AM

## Economic Danger Sign #5

### Problems for Farmers & Workers

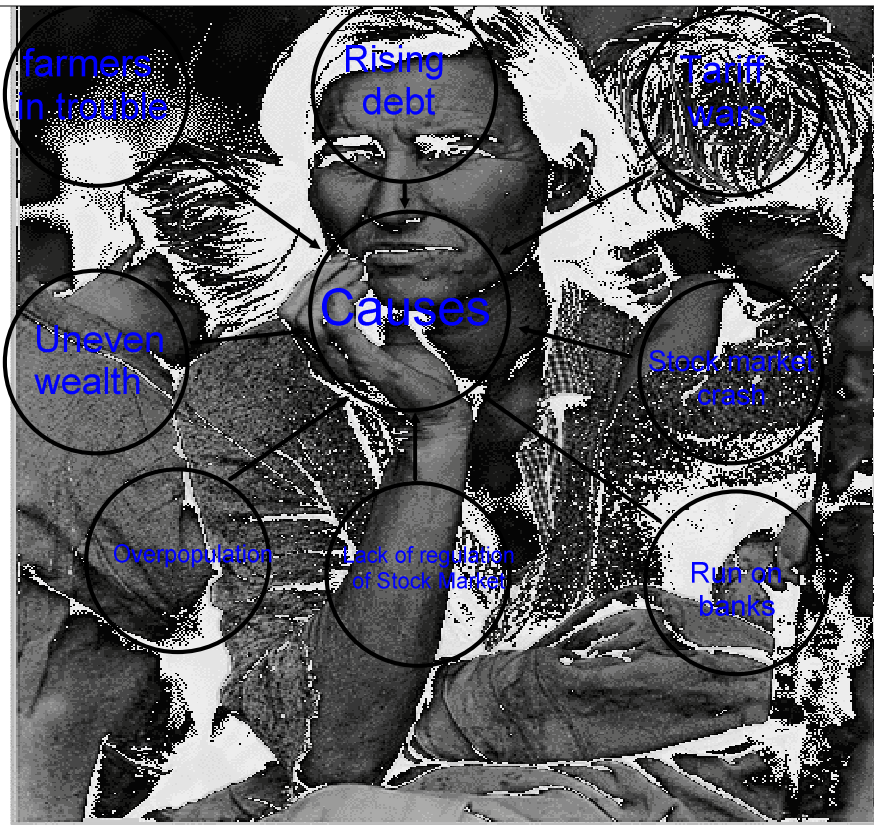


Post-war prices of wheat and cotton plummeted as their efficiency created more crop than was needed. Falling prices made debt repayment impossible. 6,000 banks went out of business.

\* Industrial workers continued to work long hours at low pay in bad conditions.

*"We were in the Depression before 1929, we just didn't call it that." ~ farmer from Tennessee*

Apr 3-9:52 AM



**Causes**

- farmers in trouble
- Rising debt
- Tariff wars
- Stock market crash
- Run on banks
- Lack of regulation of Stock Market
- Overpopulation
- Uneven wealth

Apr 3-9:52 AM

# The CRASH!!!!!!

- \* Stock prices continued to rise through the 1920s, peaking in Sept. 1929
- \* Black Thursday - Oct. 24, 1929 - worried investors began to sell & stock prices fell
- \* Black Tuesday - Oct. 29 - 16.4 million shares sold (4 million on an average day) - led to the Great Crash



Apr 3-9:52 AM



**New York Times**  
Copyright, 1929, by The New York Times Company.  
NEW YORK, TUESDAY, OCTOBER 29, 1929. TWO CENTS

**STOCK PRICES SLUMP \$14,000,000,000 IN NATION-WIDE STAMPEDE TO UNLOAD; BANKERS TO SUPPORT MARKET TODAY**

**Brooklyn Daily Eagle**  
LATE NEWS  
WALL ST. IN PANIC AS STOCKS CRASH  
Attempt Made to Kill Italy's Crown Prince

**The Milwaukee Leader**  
HOME EDITION  
BILLIONS LOST IN NEW STOCK CRASH  
May Punish Senator for Aiding Tariff Lobbyists

5:38 Stock Market Crash  
6:37 Crash

Apr 3-9:52 AM

# ***Day 1 The Great Depression***

Homework: Ch 21



Apr 3-9:52 AM

Mar 17-7:25 PM